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STATEMENT OF
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U.S. DEPARTMENT OF AGRICULTURE
BEFORE THE
SUBCOMMITTEE ON NUTRITION
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY
UNITED STATES SENATE

exp. 2

April 12, 1978

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here this morning to present the Administration's child nutrition legislation. I know how deeply you and other members of the Subcommittee have been involved over the years in fashioning our child nutrition programs, and I look forward to working with you on this major and important bill.

Before addressing the substance of our proposal, there is one new development I would like to share with you. As you know, P.L. 95-166 established an entitlement structure during fiscal years 1978 and 1979 for a new nutrition education program. The Administration's budget proposed to end the entitlement status for fiscal 1979, and to consolidate Sections 18 and 19 of the Child Nutrition Act under one authority. During recent weeks, we have thought long and hard about this matter and have decided that due to the uncertainty our proposal has generated, removal of entitlement status for fiscal 1979 would not be in the best interests of getting this new program off the ground. I wish to acknowledge that we made a mistake. The Administration is now changing its position on this issue, and the bill I present to you today maintains both the fiscal 1979 entitlement for nutrition education and the separate authority for research and development in nutrition education under what has been Section 18 of the Child Nutrition Act.

I would now like to turn to the legislation itself. Mr. Chairman, the legislative proposal I am presenting to you today represents the most thorough analysis of child nutrition issues ever conducted in the Department of Agriculture. We have fashioned a comprehensive piece of legislation that revises the National School Lunch Act and the Child Nutrition Act.

Last year, as you will recall, our food stamp proposal represented a rewriting of the Food Stamp Act of 1964 in order to clarify a piece of legislation that had grown somewhat complex and confusing through piecemeal amendments over the years. The National School Lunch Act and Child Nutrition Act are far more in need of such a comprehensive rewrite than the old Food Stamp Act was. The two current acts contain obsolete and occasionally contradictory provisions and are extremely cumbersome. We have, therefore, rewritten these two Acts into one far simpler piece of legislation. The bill introduced last month by Chairman Perkins also represents a comprehensive rewrite of these two Acts.

As in the case of last year's Food Stamp Act, most of the provisions of the old law are contained in the new draft proposal. However, the new proposal organizes the provisions in a far more orderly and comprehensible fashion. Our new proposal also does make a number of important changes, which I would like to discuss with you this morning.

1. Special Supplemental Food Program for Women, Infants, and Children (WIC)

The Administration's fiscal year 1979 budget proposed an expansion of the WIC program. Evidence continues to mount that the WIC program is one of

the most effective and successful health and nutrition programs operated by the Federal Government.

Data collected independently by State WIC programs in such States as Arizona, Oregon, and Louisiana during the years 1974 to 1977 show that WIC participants demonstrated a substantial reduction in anemia, a reduced incidence of low birthweight infants, and improvement in achieving proper weight in participants who were underweight or overweight when entering the program.

In Arizona, anemia was reduced 81 percent in children. Sixty-four percent of the children improved in height, 82 percent improved in underweight, and a 62 percent improved from overweight. Most important, Arizona found a dramatic reduction in the incidence of low birth weight infants among pregnant women who received WIC services. Low birth weight infants are more likely to die before they are 1 year old or to fail to grow to full potential during childhood.

Oregon found that 94 percent of the children initially at high risk due to anemia were no longer at high risk after 1 year on the WIC program. Fifty-six percent of the children who had been obese no longer suffered from this condition and 49 percent of the children who previously were at high risk to be stunted had been raised to normal heights after a year.

Louisiana also found significant reductions in anemia due to participation in the WIC program.

A major new study by HEW's Center for Disease Control (CDC) has recently

been received at the Department. CDC has established a WIC nutrition surveillance system that now covers the WIC program in 13 states, and that includes a data bank with records from nearly 700,000 health tests and information on about 230,000 WIC infants and children.

The CDC study documents that the children entering the WIC program have a high prevalence of anemia, but that after 1 year on the program the children experience dramatic improvement in their hemoglobin and hematocrit counts. Of those children with low hemoglobin or hematocrit values, 94 percent had been raised to satisfactory levels by the second WIC follow-up visit. The improvements were most dramatic for those children who had the lowest values prior to entering the WIC program. The CDC study indicates that the WIC program also results in a considerable reduction in the number of low birth weight infants.

Finally, a study done by the Urban Institute published in September 1976, determined that the WIC program led to an increase of 77 percent in visits to health clinics by children in the target areas studied, and also resulted in increased prenatal visits and increased immunizations as a result of WIC.

Our proposed legislation would extend the WIC program for 4 years, and the increased funding we have requested would enable us to reach more of those in need of the program.

The legislation would also strengthen the nutrition education component of the WIC program. The Secretary would establish standards to assure that adequate nutrition education services are provided. Training programs would be required for all persons providing nutrition education. WIC clinics would be authorized to provide WIC nutrition education services

to pregnant, breastfeeding, and postpartum women and to parents of infants and children who are enrolled at the clinic but do not participate in the WIC program. States would be required to evaluate WIC nutrition education annually, and to include WIC participants in this evaluation. Nutrition education materials and sessions would be provided in languages other than English in areas where substantial numbers of low income households speak a language other than English.

Our proposal would also change the WIC administrative cost formula and thereby provide increased support for nutrition education and for start-up costs. At present, states are permitted to utilize 20% of their total WIC grant for State and local administrative costs. However, since states do not know in advance what the size of their WIC program will be, it is difficult for them to budget properly. As a result, the current amount of WIC costs spent for administration is not 20%--but rather is 17%.

Our proposal would provide that 20% of the funds provided for each fiscal year be set aside for administrative costs, and that each State be given a grant for administration at the start of the fiscal year. In addition, we propose that administrative grants to State and local agencies no longer be strictly tied to the amount of food benefits provided, but rather take into account the varying administrative needs of different types of States and localities. Finally, we would permit the Secretary, when reallocating funds, to exceed the 20% limitation if this proves essential to the effective administration of the program..

We also are proposing two critical changes in WIC eligibility--the establishment of national income standards and a reduction in the age until which

children may remain in the WIC program.

We are proposing that to be eligible for WIC, pregnant, breastfeeding, and postpartum women, infants, and children be members of families whose income meets the standards for free or reduced price school meals.

Currently, income limits for the WIC program vary from state to state and locality to locality. In some areas, there are no upper income limits and persons may enter the WIC program without regard to their level of income.

In addition, our bill would allow children to participate in the WIC program until their third birthday, rather than until their fifth birthday as current law provides. There is a substantial body of research indicating that the first few years of life are far more critical in terms of the role of nutrition in growth and development. Yet, today, pregnant women, infants, and young children in one area who badly need WIC services are kept out of the program because WIC slots are being filled by older children in another area whose need for the program is much less. To assure that WIC funds go where the need is greatest, we believe the age limit for WIC should be lowered from the 5th to the 3rd birthday. To ease such a transition, we propose that children between their 3rd and 5th birthdays who are on the program at the time of enactment be allowed to remain in the program until their 5th birthday.

School Breakfast Program

The Administration proposal also contains a series of provisions aimed at expanding the school breakfast program. Today, while over 90,000 schools participate in the National School Lunch Program, only 20,000 offer school

breakfasts. Twenty-seven million children eat school lunches regularly, but less than 3 million receive school breakfasts.

The expansion of the school breakfast program is a priority with this Administration. A number of studies have demonstrated the contribution that school breakfasts can make.

The Iowa Breakfast studies (conducted in the early 1960's) examined the effect of introducing the service of breakfast at school on a group of young boys. The studies found that maximum work rate and maximum work output were significantly better when breakfasts were served, and that the boys showed recognizable scholastic improvement.

A subsequent study in the Anchorage public schools compared students eating breakfast and lunch at schools to students eating only lunch at school. The study found significant differences between the two groups in classroom responsiveness, classroom participation and general disposition. The study concluded that there would be fewer problem students if breakfasts were made available.

There are many other less scientific reports on improved classroom performance following the service of breakfasts at schools. Most of them are unscientific comments from teachers or parents, or narrative reports of unpublished data or observations made during the introduction of breakfast program. Nevertheless, these studies indicate that the program decreases sleepiness and apathy and results in improved attitudes, attentiveness, and performance.

The Administration proposal contains several provisions to expand the breakfast program. The centerpiece of these provisions is the proposal to require the service of breakfasts in schools where over half of the students enrolled have been determined eligible for free or reduced price school meals.

This is a very modest proposal. Since many students eligible for reduced price meals do not apply for these meals, it would generally require about 2/3 of a student body to be needy for this requirement to take effect. In addition, because we are aware that very small, rural schools may have some difficulty in complying with this requirement, we have exempted all schools with an enrollment of less than 100 students. Finally, we have afforded local school districts flexibility, because our proposal would allow them to bring an alternative school or schools into the breakfast program, in lieu of a school otherwise covered by the requirement, so long as the alternative school or schools enroll as many needy children. Thus, school districts would have some freedom to decide which individual schools to bring into the program.

This requirement would not take effect until the 1979-1980 school year. At that time, it would bring about 9,000 schools and about 1 million children into the school breakfast program. This would represent only about one-eighth of the schools now serving school lunches but not breakfasts. A number of states have in recent years passed state legislation requiring expansion of the school breakfast program. Virtually all such pieces of state legislation cover a considerably larger proportion of schools than does our proposal.

I should note that in states that have passed such legislation, important expansion of the breakfast program has generally occurred. In many other areas, the scope of the breakfast program remains quite limited. To help secure effective implementation of our proposal, our legislation also provides that all schools required to offer breakfasts would be classified as "especially needy" and be eligible for federal reimbursement that is significantly higher than the normal reimbursement rates. These schools should be able to cover any cost problems they might otherwise have within these especially needy rates.

We are proposing other changes to help schools that would be required to serve breakfasts and to encourage other schools to offer breakfasts. We propose that the "reserved category" of equipment assistance funds be available to help schools purchase equipment needed to offer breakfasts. We have also changed the allocation formula for distributing these reserved funds, so that states (such as many of the Southern states) that have received little or no reserved equipment funds for years will be able to start receiving such funds to use for expanding the service of breakfasts.

Finally, we are proposing a change that has long been sought by many school food service people because it will simplify administration and reduce paperwork. We are proposing to provide joint funding to schools providing both lunches and breakfasts, so that schools will not have to go through the considerable record-keeping of allocating joint costs to each of the two separate programs. This should be of considerable help to local school food operators.

Other Major Provisions

In addition to changes to expand the WIC and school breakfast programs, the Administration is proposing some significant structural revisions in other child nutrition programs. These changes are designed to target resources more effectively so that the WIC and school breakfast expansion can occur, and to make other needed changes in the programs.

The Wholesale Price Index

At present, both cash and commodity reimbursement rates in the child nutrition programs are adjusted annually to reflect changes in the "food away from home" series of the Consumer Price Index. This series basically covers restaurant food prices, and reflects changes in labor and other items as well as changes in food.

We agree that the food away from home index is the proper index to use for adjusting cash reimbursements. But it is not the best index to use in adjusting the level of commodities to be purchased and distributed by USDA each year. Our costs in buying commodities reflect wholesale food costs for these commodities, and not restaurant food prices. Our Economics, Statistics, and Cooperatives Service (ESCS), after analyzing this issue, concluded that:

"there is a strong economic rationale for basing changes in the school lunch reimbursement rate for donated foods on an index which as nearly as possible reflects actual changes in the cost of the items being donated (or purchased with cash payments in lieu of commodities). Use of the Consumer Price Index for food away from home cannot pass such a test since its level is markedly influenced by changes in labor and service costs associated with preparing and serving meals eaten away from home. Such costs have little relationship to the actual costs of purchasing products, at wholesale, for distribution to schools."

ESCS has designed an alternative index which would perform the intended

function far better. The new index is based on the Wholesale Price Index for food (technically the Farm Products and Processed Foods and Feeds). The Wholesale Price Index for food does, however, include such items as coffee and animal feeds that are not relevant. So, ESCS took the five major groups from the WPI for food that are relevant: cereal and bakery products; meats, poultry and fish; dairy products; processed fruits and vegetables; and fats and oils. The new index we propose is simply based on changes in the wholesale prices of these five food groups. The five groups make up the overwhelming bulk of all USDA commodity purchases.

2. Reimbursements for Paying Students

Free and reduced price lunches are now provided to children from families with incomes up to 195% of the poverty line. Children above that are referred to as "paying students".

Federal cash and commodity support for paying students is now 27.25 cents per school lunch. The Administration is proposing to maintain, not to reduce, this support level. But we do have concerns about the rate at which this support level has risen over the past decade, and are proposing some modification in the inflation index for this support in future years. Let me explain.

In the early 1970's, cash support for paid lunches increased at a far faster pace than reimbursements for free or reduced-price lunches. Since May 1971 (the base month for determining reimbursements for the 1971-1972 school year), the CPI for food away from home has risen 63.9% and total cash assistance for free lunches has risen 72.8%. During the same period cash assistance paid lunches has risen 141.7%.

A similar story is true for the breakfast program. While the CPI has risen 57.5% and total cash assistance for free breakfasts has risen 61%, cash assistance for paid breakfasts has risen 130%.

One further item is of interest here--and that is a comparison of federal support for paying lunches served to students from middle income families, and federal support through the food stamp program for poor families. At present, the average food stamp family has \$3,600 a year gross income. We project that such a family will receive average food stamp benefits of 28.5 cents per person per meal in fiscal 1979.

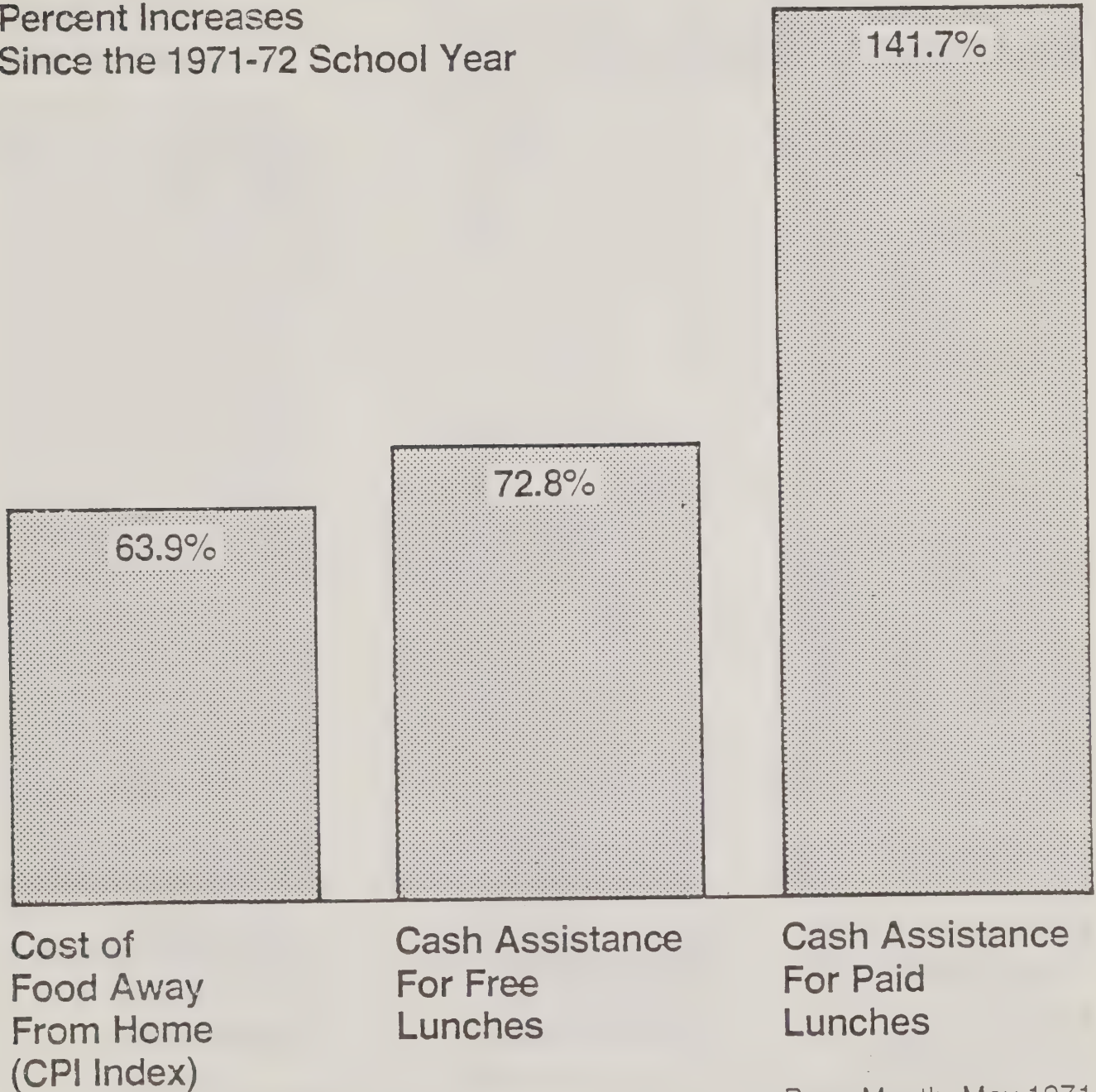
By contrast, under current legislation, federal support for lunches served to children from families over twice the poverty line will average 29 cents a lunch in fiscal 1979. We will be paying more per meal to support a lunch served to a middle income student in a suburban school than we are providing per meal to an elderly family in a low income area.

Because we feel these resources can be better targeted, we are proposing that the federal support for paid school meals be held constant until its rate of growth since the 1972-1973 school year is comparable to, rather than in excess of, the increase in food prices since that time. This would mean that the support rates would remain at 27.5 cents per lunch, rather than being increased to 29 cents per lunch, in fiscal 1979.

We should observe that we will be offering schools additional commodities from our CCC stocks--over and above their commodity entitlement levels--and that we expect to distribute an additional \$25-\$100 million in commodities to schools next year. These additional commodities will

Food Costs and Federal Cash Assistance for School Lunches

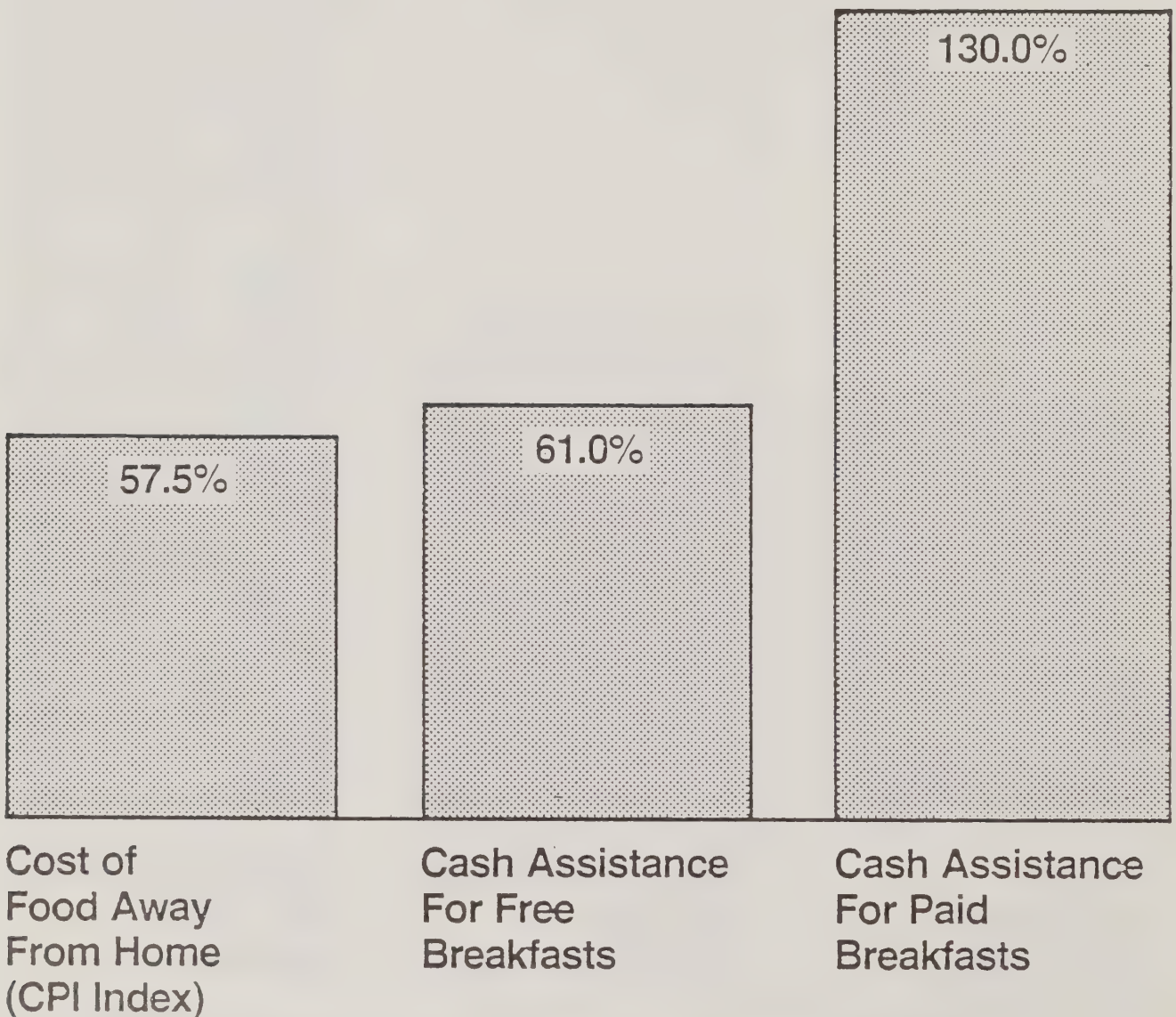
Percent Increases
Since the 1971-72 School Year



Base Month: May 1971

Food Costs and Federal Cash Assistance for School Breakfasts

Percent Increases
Since the 1972-73 School Year

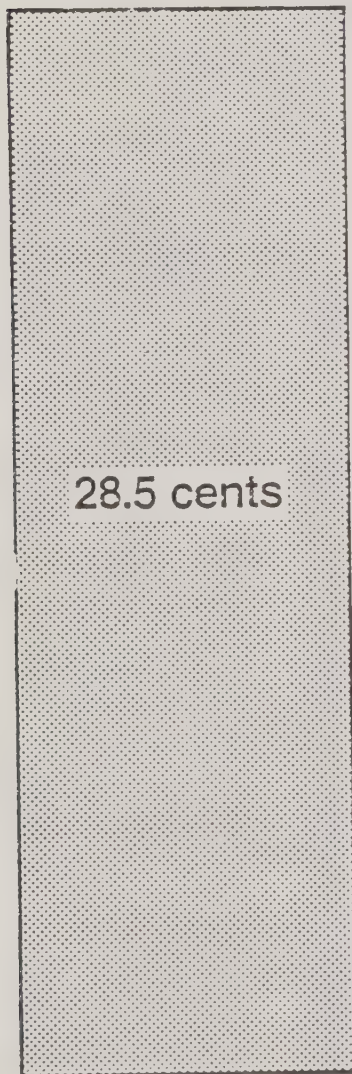


Base Month: May 1972

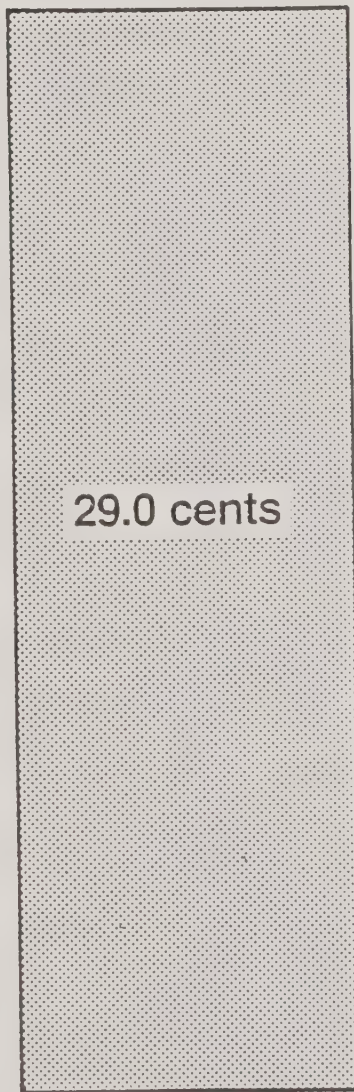
Average Federal Assistance Per Meal

—FY 1979

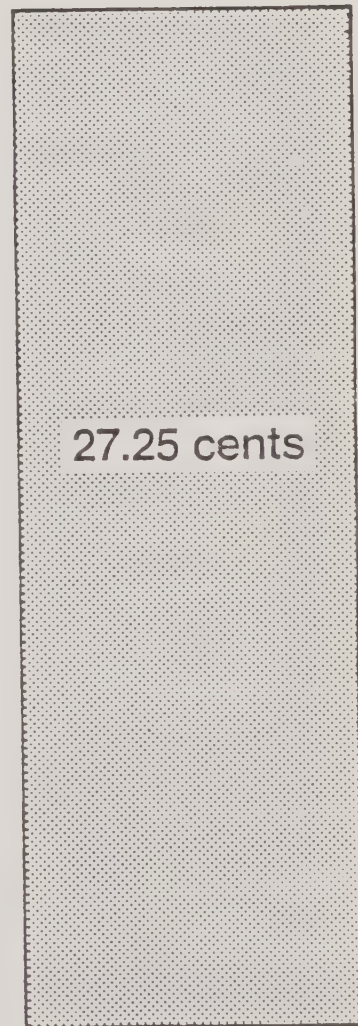
In the Food
Stamp Program



For Paying Students in the
National School Lunch Program



Under
Current
Legislation



Under
Administration
Proposal

offset some of the effect on schools of holding reimbursement levels constant for paying students.

3. Reduced-Price Reimbursements

We are also proposing that reimbursements for reduced-price lunches be set 20 cents lower than the reimbursements for free lunches. Prior to 1975, schools were allowed but not required to offer reduced-price lunches. Schools were allowed to charge 20 cents for these meals. However, schools received only 10 cents less in reimbursement than they got for free lunches. This meant that a school charging 20 cents for reduced-price lunches (as most did) could get 10 cents more in revenue from a reduced-price lunch than a free lunch. The provision of this "extra dime", as it was customarily called, was designed as an incentive to spur schools to offer reduced-price meals.

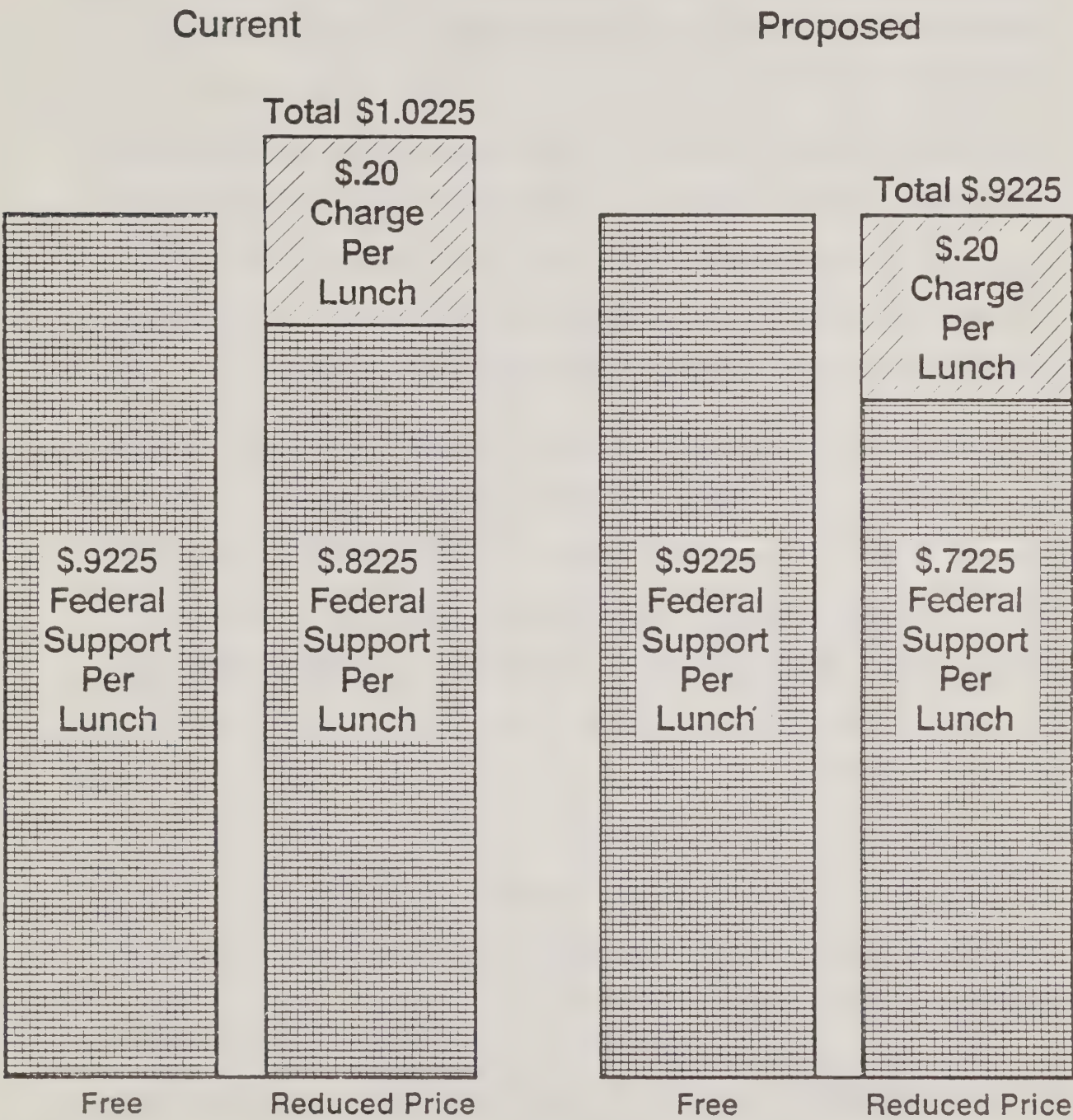
P.L. 94-105 altered this situation by making the service of reduced-price meals mandatory. However, the "extra dime" provision was not discussed at that time and remained part of the statute.

Now that all schools are offering reduced-price meals, the Administration believes that the "extra dime" provision should be dropped. We believe that revenues from reduced-price lunches should equal, not exceed, those from free lunches.

Child Care Food Program

The Child Care Food Program expires on September 30. This program has demonstrated its usefulness over the years, and we are proposing that it now be made permanent.

Resources Available for Free and Reduced Price Lunches



We are also proposing some revisions in the program. The current CCFP legislation is simply too complicated for many child care providers. A major source of complexity is the provision of three different levels of reimbursement rates for three different categories of children (free, reduced-price, and paid).

We are proposing that the full free meal reimbursement be provided for all children from families below 195% of the poverty line, and that federal support not be provided above that level. This is exactly the provision this Committee and the Congress passed last year, as part of P.L. 95-166, for summer camps participating in the summer feeding program.

This revision accomplishes several goals. It increases support to child care operations serving largely poor or near-poor children. At the same time, it prevents the CCFP from becoming a growing source of support for upper middle income nursery schools and the like. Just as Congress determined that the summer feeding program need not support summer camps for middle income children, we would apply the same principle to the child care food program.

Our proposal is also designed to improve access to the program for family and group day care homes by greatly simplifying their administrative procedures and providing for flat payments for administrative costs, and for food and labor costs.

Special Milk Program

We are proposing two revisions in the Special Milk Program. First, we are proposing to end the program in schools that already serve lunches

or breakfasts. Since milk is already available as part of school meals, we do not believe it is necessary to subsidize further purchases of milk. We also recommend that the reimbursement rate for milk purchased through the Special Milk Program be adjusted annually in accordance with changes in the wholesale price of milk. Currently, this reimbursement is adjusted according to the change in overall restaurant food prices (the CPI for food away from home), although changes in restaurant prices may bear little relationship to changes in milk prices.

State Administrative Expenses

Two final areas of concern are state administrative expenses and nutrition education. In both of these areas, we are concerned that the needs of small states may not adequately be met, and that some minor changes in allocation mechanisms are needed.

P.L. 95-166 increased total state administrative expense funds, but an unintended consequence of its state allocation formula was to concentrate much of the increase in a few states. Six major states will receive close to half of the increase in SAE funds. The remaining states will have to split the difference, and many small states will receive little if any increase at all. The new allocation formula takes little account of economies of scale in populous areas, or the needs of rural areas with many small schools. It may not cost a state ten times as much to process claims and monitor one school with an enrollment of 3,000 as it takes another state to oversee a school with an enrollment of 300. Moreover, the new formula is not responsive to the needs of the child care food program. This program is filled with many institutions serving small

State Administrative Expense Allocations

	\$ Increases between FY '77 and '78	% of National Increase
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6 Highest States (SAE Funds Allocated—FY '77—\$3,498,122, FY '78—\$6,265,976.)

New York	662,667	10.61
California	585,918	9.38
Texas	497,952	7.97
Ohio	364,555	5.84
Illinois	344,875	5.52
Pennsylvania	311,887	5.00
Total	2,767,854	44.32

50 Other States and Territories (SAE Funds Allocated—FY '77—\$9,415,730, FY '78—\$12,892,275.)

Total	3,476,545	55.68
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numbers of children. It costs more per child for a state to administer this program than it does per child to administer the school lunch program.

Therefore, we are proposing a new allocation formula for state administrative expenses. Our formula guarantees slightly more SAE funds than the current law. Its main change is a modification in the mechanism for allocating funds. It provides funds to states specifically for the operation of the child care food program, and does this on a graduated scale so that less populous states get an adequate share of money. It also provides that when more than the minimum SAE funds authorized are actually appropriated, the Secretary may distribute these funds to states to improve the management of their programs. This will allow smaller and rural states to receive a larger share of SAE funds. It will also allow SAE efforts to be targeted on problem areas. For example, the Department intends that some fiscal 1979 SAE funds be used to monitor compliance with nutrition requirements, to assure that free and reduced price applications are on file to support reimbursements for free and reduced price meals, and to assure that schools do not receive reimbursements that exceed their meal costs.

Finally, we are proposing a small increase in state administrative funds for operating the summer feeding program. A new General Accounting Office report concludes that some states do not receive sufficient administrative funds to manage the summer program adequately.

Nutrition Education

Our proposed legislation contains a nutrition education and training title, but the changes are of language and not of substance--save for one.

We are concerned that for the nutrition education and training program to be successful, it will be necessary to support the program with research, demonstration, and evaluation efforts to find what sorts of innovative approaches may work and what may not. We are also concerned that less populous states, with smaller grants, may be unable to find the funds to do such experimentation.

We are therefore proposing that up to 10% of the nutrition education and training funds be reserved for innovative research evaluation, development, and demonstration projects, with half of these reserved funds set aside for state education agencies. Universities and other research organizations could apply for the remaining half of these reserved funds.

Mr. Chairman, that concludes my presentation of our legislation. I and my colleagues shall be pleased to answer any questions you might have.

Infant Mortality Rates Around the World

Deaths per Thousand Live Births

1. Sweden	9.2	14. Belgium	16.2
2. Norway	10.5	15. Australia	16.4
3. Denmark	10.7	16. United States	16.7
4. Japan	10.8	17. Hong Kong	16.8
5. Finland	11.0	18. Ireland	17.1
6. Holland	11.0	19. Czechoslovakia	20.4
7. France	12.1	20. East Germany	21.1
8. Switzerland	12.5	21. Italy	22.6
9. Spain	13.7	22. Austria	23.4
10. Canada	15.0	23. Israel	23.5
11. New Zealand	15.6	24. Poland	23.5
12. England and Wales	15.9	25. Greece	24.0
13. West Germany	15.9		

Source: National Center for Health Statistics, Rockville, Md.
Demographic yearbooks of the U.N.—1974 data.

